



HIPAA (Health Insurance Portability and Accountability Act) Project

Executive Summary

HIPAA Implementation Release Strategy

*Maintaining Service Levels
While Achieving HIPAA Compliancy*

June 16, 2003

Executive Summary

DSHS/MAA HIPAA Implementation Release Strategy

Background

The Medical Assistance Administration (MAA) of the Department of Social and Health Services is one of thousands of Washington State entities that must comply with the federal Health Insurance Portability and Accountability Act (HIPAA) this year. HIPAA's goal is to standardize the national healthcare information system to eliminate unnecessary administration and make sure healthcare dollars are spent on health care, not paperwork. The federal government estimates this will result in savings of nearly \$3 billion nationwide over the next decade. Primary beneficiaries of HIPAA's benefits will be healthcare providers.

The key elements of MAA's compliance include:

- **Privacy:** Implementation of privacy safeguards and process changes that will continue to ensure confidentiality of Medicaid clients' personal health information.
- **New codes:** Identification of coding changes necessary to eliminate some 1,500 Washington-specific local codes

and reconcile them with the national standard HIPAA codes. Cost neutrality is the primary goal during this process. Providers may see small differences, plus or minus, in their payment after HIPAA implementation. MAA will attempt to correct any differences through rate adjustments in the future, as appropriate.

- **Standardizing transactions:** Process, software and hardware changes are needed to implement the other transactional standardization required by HIPAA in the Medicaid Management Information System (MMIS), the main computer system involved in medical assistance claims and payments.
- **Provider outreach:** Implement a new MAA Provider Outreach Program to survey Medicaid providers on their state of readiness and keep them up to date on MAA changes, user registration, training, testing and Help Desk information

MAA's primary goals are that clients will continue to receive healthcare services and healthcare providers will continue to receive timely reimbursement.

DSHS/MAA Implementation Release Strategy

To control project scope and risk, the agency is pursuing a minimalist approach to adjusting the current system. This strategy is similar to plans in seven other states that also contract with Washington's MMIS contractor, Affiliated Computer Systems (ACS). MAA's primary goals are that clients will continue to receive healthcare services and healthcare providers will continue to receive timely reimbursement.

The key features of MAA's strategy are:

Taking advantage of the Internet:

Upgrade the MMIS by adding an Internet portal (front end). This will let providers easily use the Internet to send HIPAA-compliant transactions to MAA.

Utilizing a clearinghouse: This allows all HIPAA-compliant transaction activity to be processed through a central point, which standardizes the interfaces between the MMIS and submitters.

Approach

Like most states across the nation, the MAA HIPAA project will have difficulty addressing each and every feature of the HIPAA standard transactions by October 16, 2003 in synchronization with the provider community. To meet the dual goals of achieving HIPAA compliance while maintaining continuity of payment to providers, the HIPAA project has developed the following approaches:

- **Phased Release Schedule:** The MAA has conducted a business priorities exercise that has resulted in a multi-phased implementation approach that includes separate Releases:
 - **August 2003:** HIPAA-compliant point of sale (POS) system for pharmaceuticals, which constitutes half of the claims processed by MMIS; MMIS database converted from pre-HIPAA to post-HIPAA format; enhanced scanning capabilities for paper claims; remediated MMIS system; selected submitters pilot test transactions.
 - **October 2003:** Distribution of HIPAA-compliant desktop claim (837) submission software; acceptance and processing from submitters who are ready and certified for DSHS processing of HIPAA compliant Claims (HIPAA Transaction No. 837); Enrollment and Dis-Enrollment in Health Plans (834); Eligibility for a Health Plan Inquiry and Response (270/271).
 - **January 2004:** Acceptance and processing from submitters who are ready and certified to conduct remaining HIPAA transactions: Health Plan Premium Payments (820); Health Care Payments and Remittance Advices (835); Health Claim Status Inquiry and Response (276/277); Referral Certification and Authorization (278); Health Claim Status (for Pended Claims) (277U).

- **Contingency Plans:** The HIPAA regulations are extensive and complex and no state plan would be complete without a full risk assessment and contingency planning effort. MAA is conducting those reviews at the same time its other preparation goes forward to ensure that the MMIS will be able to adjust to adverse developments or complications that may arise. MAA desires to make every attempt to avoid providers' digression from electronic claims to paper, which delays the payment to providers and increases the processing expenses for MAA. One significant area that MAA is examining includes the feasibility of operating a dual submission system that will

accommodate both HIPAA and non-HIPAA compliant transactions. If implemented, this would ensure that payments are made until all Providers can successfully submit HIPAA compliant transactions. Providers having difficulty preparing for electronic claims submission should contact MAA at the numbers below.

- **Measuring Provider Readiness:** The MAA is making several efforts to assess provider readiness, including: (1) conducting a telephone survey, and (2) performing a comprehensive provider outreach program during the first phase of the project.

Contact Information

Our website is our primary means of communicating with our stakeholders on HIPAA related topics. It is updated constantly with the latest information available. For more information, please visit our website at <http://maa.dshs.wa.gov/dshshipaa/>

Additional Resources:

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